

**STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL MEETING**

City Council Chambers
915 I Street, Room 202
Sacramento, California 95814
October 26, 2000

PANEL MEMBERS

John Duncan
Chairman

Aram Hodess
Vice Chairman

Clifford Cummings
Member

Patricia A. Murphy
Member

Tom Rankin
Member

Laurel Shockley
Member

Dan F. Trammell
Member

Pat Williams
Member

Executive Staff

Victoria Bradshaw
Executive Director

Ada Carrillo
Acting Assistant Director, Administration

Peter G. DeMauro
General Counsel

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I. CALL TO ORDER

Chairman John Duncan called the public Panel meeting to order at 9:12 a.m.

II. ROLL CALL

Members Present

John Duncan, Chairman
Aram Hodess, Vice Chairman
Patricia (Noyes) Murphy
Tom Rankin
Laurel Shockley
Dan Trammell
Pat Williams

Members Absent

Clifford Cummings

Executive Staff Present

Victoria Bradshaw, Executive Director
Ada Carrillo, Acting Assistant Director
Peter DeMauro, General Counsel

III. APPROVAL OF AGENDA

ACTION: Mr. Trammell moved and Mr. Rankin seconded the Panel approve the Agenda as presented.

Motion carried, 7 – 0.

IV. APPROVAL OF MINUTES

ACTION: Mr. Rankin moved and Ms. Williams seconded the Panel approve the minutes of September 28, 2000, as written.

Motion carried, 7 – 0.

V. REPORTS OF THE PANEL MEMBERS

There were no reports from the Panel members.

VI. REPORT OF THE EXECUTIVE DIRECTOR

Ms. Bradshaw reported the Panel had inquired about the possibility of receiving Panel packets earlier than the Friday prior to the Panel meeting. Ms. Bradshaw requested the consultants and staff to get their proposed projects to ETP more expeditiously.

Ms. Bradshaw updated the Panel on the joint project of ETP and the Employment Development Department (EDD), California Career Ladders to the 21st Century. The project proposes to fund employer programs in industries with demonstrated career ladders, providing workers career opportunities to move from lower-paying jobs to higher paying positions requiring more skills and/or more responsibility, thus assisting employers to stabilize their workforce by decreasing turnover.

Ms. Bradshaw introduced Michael Bernick, Director of EDD. He reported on the success of California's Welfare to Work program. He stated last year approximately 200,000 welfare recipients were placed into jobs. The Career Ladder program is designed to focus on low-wage entry-level type jobs in various California industries that are interested in building new job ladders for upward mobility and keeping the working poor population employed. He reinforced that the key component would be working with industries to assure an on going, long-term training commitment after ETP funding is completed.

Ms. Bradshaw stated ETP would fund the training projects and the contracts would include the same criteria currently required under ETP policies and regulations. The Panel would have final approval on the funding of all projects.

VII. REPORT OF THE GENERAL COUNSEL

There was no report from the General Counsel.

VIII. OLD BUSINESS

There was no Old Business.

IX. SENATE BILL (SB) 43 IMPLEMENTATION PLAN

Ms. Bradshaw reported SB 43 was signed by the Governor making the Employment Training Fund and ETP "pilot" project a permanent program. Ms. Carrillo presented the following overview of the changes in the ETP's enabling legislation that will be in

effect January 1, 2001, and the necessary ETP policy/regulation revisions to implement the changes:

- Clarification that the Panel shall fund creation/retention of jobs in “manufacturing and other industries” threatened by out-of-state competition, strengthening the emphasis on California’s basic industries. Staff will continue to focus on manufacturing and other industries threatened by out-of-state competition (i.e. Strategic Plan, Panel funding priorities).
- Requiring that companies in Panel-funded retraining projects “make a monetary or in-kind contribution to the funded training enhancements.” Thus, employer contributions become a legislative requirement for participating employers in multiple employer contracts and single employer contracts. Staff will revisit Policy 00-003, Multiple Employer Contracts, to ensure compliance for Retraining MECs that participating employers must demonstrate a quantifiable commitment to training and determine how such contributions will be made, and at what level. Legislation differentiates “monetary” contributions from “in kind” contributions, therefore revise, if necessary, Regulation 4400 (I), definition of In-Kind Contribution, and Regulation 4409.1, Employer Contributions.
- Requiring that “All training shall be customized to the specific requirements of one or more employers or a discrete industry and shall include general skills that trainees can use in the future...” Thus, customized training is required for (1) one or more employers, or (2) a discrete industry; and is to include general skills usable in the future. Staff will review curriculum requirements and revise, if necessary, to incorporate this new requirement, and define “discrete industry.”
- Simplifying the definition of an eligible retrainee participant by eliminating the requirement that trainees be in need of training (1) to adapt to a high performance workplace; (2) due to diversification of goods/services; or (3) to meet productivity goals and competitive needs of the employer.
- Elimination of upgrade trainee eligibility.
- Making the Executive Director of ETP a pleasure appointment of the Governor instead of a four-year term appointment.
- Requiring the Senate, Assembly and Governor’s appointments to the Panel include one private sector labor representative and one business representative. Requires the labor appointments to be made from nominations by state labor federations and the business appointments to be made from nominations of employer associations. Requires the Governor’s other appointment to be a public member.
- Requiring the Panel to develop a process by which Workforce Investment Boards (WIB) may apply for marketing resources for the purpose of identifying local employers having training needs consistent with Panel priorities with the stipulation that the Panel may delegate its authority to approve contracts to local WIBs,

provided that no contract exceeds \$50,000 per project without prior approval of the Panel, and all contracts are consistent with Panel priorities. Staff will develop new Regulation relating to all WIB issues, and Revise Regulation 4407, "Small Business Projects," and revise Regulation 4407, "Small Business Projects."

- Elimination of the 18-month limit on training, as long as the training is completed within the term of the 24-month agreement. Staff will develop/revise policy on training period to allow up to 21 months, unless in occupation requiring longer than 90 day retention.
- Deleting the reference to the Advisory Research Council (ARC). However, it requires the Panel to "Conduct ongoing reviews of panel policies with the goal of developing an improved process for developing, funding, and implementing panel contract." Staff will continue working with program stakeholders and contracting community to improve processes and address program issues.
- Reduction of the annual Special Employment Training (SET) program allocation from 20 percent to 10 percent of available training funds, while refocusing SET on serving frontline workers who earn at least the State average hourly wage. However, it does not provide a waiver from out-of-state competition requirements for SET projects, and only provides for a waiver to the wage requirement in high unemployment areas. It also allows the Panel to fund SET contracts based on a competitive bidding process.

Staff proposes the following:

- ✓ revise Regulation 4409, "Special Employment Training Projects", providing for new SET criteria, including provisions for out-of-state competition waiver;
 - ✓ revise definition of frontline worker for regulatory change (Regulation 4400(ee)) that will encompass small business skills, and other priority training categories; and make other minor regulation and administrative changes as necessary.
- Repeals the sunset provision of both the Employment Training Fund (ETF) and the Panel program, making the ETF a permanent fund, and ETP a permanent program.

ETP staff will present the proposed regulatory changes for Panel approval at the December 2000 Public Panel meeting.

X. PUBLIC COMMENT

Dr. Frank Chavis, President/CEO, World Solutions Group, Inc., representing Dorothy Haemer, Administrator of Mission Carmichael HealthCare Center spoke on the staffing crisis within the medical care industry in California. He stated out of 40 facilities in their healthcare network, 27 do not have a collective bargaining unit. He stated his concern regarding the Panel's requirements in approving contracts with companies that employ both represented employees covered by a collective bargaining unit and non-represented employees.

XI. CONSENT CALENDAR, FINAL AGREEMENTS, AND AMENDMENTS

There were no items for the Consent Calendar or Final Agreements.

Amendments

Glendale Community College Professional Development Center (SET)

Ron Tagami, manager of ETP's North Hollywood field office, presented an Amendment for the Glendale Community College Professional Development Center (SET). The contractor is requesting to move slots between job groups because of the demands for the 120-hour curriculum rather than the shorter curriculum, to create a new job number for 30 trainees for employers with fewer than 100 employees, and to add two modules in Lean Manufacturing and Lean Operations to the Continuous Improvement curriculum. The changes will reduce the total amount of the agreement by \$350.

Staff recommended that the Panel find the Contractor's request reasonable and approve the Amendment.

ACTION: Tom Rankin moved and Pat Williams seconded the Panel approve the proposed Amendment.

Motion carried, 7-0.

Alameda County Electrical Industry Apprenticeship and Training Trust (SET)

Mr. Chan, manager of ETP's San Mateo field office presented an Amendment for the Alameda County Electrical Industry Apprenticeship and Training Trust (AJATC). Shortly after the start of the AJATC training program, the Contractor reassessed the trainees and determined more training was needed than originally planned. The training proved to be in demand and by the start of the next training cycle the AJATC would have exceeded the number of trainees to be retained in the original agreement. This amendment will specifically shift numbers between groups to more accurately represent training needs, create two new training jobs 3 and 4, and add trainees, thereby increasing the contract amount by \$88,404.

Staff recommended that the Panel approve this Amendment if funds are available and the project meets Panel priorities.

ACTION: Ms. Williams moved and Mr. Trammell seconded the Panel approve the Amendment as proposed.

Motion carried, 7-0.

Area Truck Driving School

Mr. Chan presented an Amendment request for the Area Truck Driving School (ATDS). The ATDS has reached the maximum that can be enrolled in this project. The ATDS representatives state that this training is in high demand and are submitting this Amendment to train and place an additional 100 new hire trainees. To demonstrate this demand for graduates, ATDS has submitted a list of 16 additional participating employers who have expressed an interest in their graduates. The cost per new-hire trainee is \$3,830, more than double the ETP average cost per trainee. ATDS is justifying the high cost per trainee by placing the trainees at a minimum wage of \$10 per hour (\$1.30 above the ETP new-hire minimum wage of \$8.07 per hour). Additionally, ATDS has provided labor market statistics from the 1999-2000 Occupational Outlook publication indicating that the average wage increase was from 15 percent to 22 percent one year after completing training. For the ETP new-hire trainees placed by ATDS, this would calculate an increase from \$1.50 to \$2.20 per hour.

Staff recommended that the Panel approve this Amendment, if funding is available and the project meets Panel priorities and is consistent with the Panel's multiple employer contract policy.

Mr. Chan introduced Mr. Tony Martin, Vice President of Operations. Mr. Martin stated that placement is currently at 88 percent. Mr. Martin explained the cost of \$3,830 per each new-hire trainee is based on a \$15 flat rate at 240 hours, which is a recommended program rate by the American Truck Association, California Trucking Association, and PGDIA. He stated there is a six-week training requirement mandate coming up for vote in the near future.

The Panel asked what percentage of the trainees would be placed through Teamsters Local 387. Mr. Martin stated that 8 out of the 100 would be placed with Local 387. He also stated that 20-25 percent of the trainees are placed with other unions.

ACTION: Mr. Rankin moved and Ms. Williams seconded the Panel approve the proposed Amendment.

Motion carried, 7-0.

California State Automobile Association (SET)

Mr. Chan presented an Amendment for the California State Automobile Association (CSAA) (SET). The computer system, which was the core of the Service Business Model (SBM), has not been installed due to problems and delays in the installation, and CSAA does not have a date when the system will be installed. Therefore, no training has been provided on the computer system as it relates to the SBM. CSAA representatives state that although no training has occurred on the SBM computer system, CSAA has provided the customer service training, which is a portion of the planned training.

Because of the delay in the installation of the computer system, the number of people to be trained in this Agreement needs to be reduced. This amendment will eliminate all the corporate staff and reduce the number of SET frontline workers from 1,145 to 658 thereby reducing the Agreement amount by \$376,133.

ACTION: Ms. Murphy moved and Ms. Williams seconded the Panel approve the proposed Amendment.

Motion carried, 7-0.

DeAnza College – Center for Applied Competitive Technology

Mr. Chan presented an Amendment for the DeAnza College – Center for Applied Competitive Technology (CACT) of the Foothill/De Anza Community College District. DeAnza College is one of 12 regional centers in California sponsored by community colleges in tandem with ED>Net. Established in 1989 by a grant from The California Community College's State Chancellor's Office, CACT was established to provide services in its locale. Such services include providing customized, on-site training for manufacturers. The Contractor has requested the addition of three new jobs to serve small business employers with less than 100 employees at the \$20 per training hour reimbursement rate. This Amendment will create Jobs 4, 5, and 6, adding 130 additional retrainee slots. These groups will be trained at the employers' facilities in technical manufacturing skills and attendant skills critical to conversion to a high-performance workplace.

Mr. Chan introduced Paulette Young, CACT Director and Judi.

ACTION: Mr. Trammell moved and Ms. Murphy seconded the Panel approve the Amendment as proposed.

Motion carried, 7-0.

Galgon Industries, Incorporated

Mr. Chan presented an Amendment for the Galgon Industries, Incorporated. Galgon representatives stated that the firm has recently been awarded a new contract from a company that is globally recognized. New products have created the need to expand into an additional facility and to train new as well as current employees in World-Class Manufacturing techniques. This Amendment will train an additional 84 people from all departments in teams to perform Kaizen Events.

In order to accommodate the needs associated with this growth, Galgon has designed a new manufacturing facility encompassing "just in time" manufacturing systems and has identified a need for a training program to augment the new system. Kaizen Events training will provide the trainees with the skills to solve problems in actual manufacturing environments. It is a short-term teamwork effort to make large permanent changes for improvement.

The Panel requested the Galgon proposal be continued later in the agenda because the company representative was not then present to answer questions.

Center for Employment Training (SET)

Charles Lundberg, acting manager for ETP's Sacramento field office, presented an Amendment for the Center for Employment Training (CET) (SET) requesting an increase of \$1,554,535 to add 251 new-hire trainees. The Contractor requests to add regular new-hire trainees to be trained in the following types of training: Heating Ventilation and Air Conditioning (HVAC), Computerized Accounting, Automotive Maintenance, Literacy, Computer Support Specialist, Welding, Medical Records, Electronic Assembly, Computerized Numeric Control (CNC), and Building Maintenance Repair training. CET representatives state that there is a demand for these occupational training programs statewide, and there is employer commitment. According to the Employment Development Department, Labor Market Information Division (LMID), there will be significant growth in the occupations defined in this Amendment. All trainees will be Unemployment Insurance recipients.

The Building Material, Construction, Industrial, Professional and Technical Teamsters Union Local #36 and the Plumbers & Pipefitters Local 230 have submitted letters in support of the welding training.

The ETP cost for training is based on the contractor's catalog rate, which is less than ETP's fixed rate of \$15 per hour with one exception of Job 8 where the projected cost is more than the fixed rate.

Based on the Contractor's placement records and the Employment Development Department LMID, these occupations have demonstrated significant wage progressions within two years after completion of training. For all occupations listed in this Agreement, the wages of \$8.41 after employment retention will increase to a range of \$11.31 per hour to \$17.72 per hour. This represents a 34 percent increase in wages.

Staff is concerned that the HVAC, Welding, and the Building Maintenance Repair training curricula might supplant, or duplicate already existing approved apprenticeship programs. Staff has submitted these curricula to the California Workers Assistance Program (CWAP) to verify whether or not any part of the curriculum duplicates approved apprenticeship programs.

Mr. Lundberg introduced Hermelinda Sapien, Executive Director of CET, and Mr. Carlos Lopez, Corporate Director of Industrial Relations. Ms. Sapien stated this is a pre-apprenticeship program aimed at a special population in offering these skills to meet the needs in the community as well as employers with a labor shortage.

Mr. Rankin noticed that there were union letters addressing the welding portion of the training and asked about letters addressing the other types of training requested. He questioned what the relationship was with the unions in the other areas. Mr. Lopez

stated that the Building Maintenance Repair was one and the Heating and Air Ventilation program was the other. Mr. Lopez stated that when they proposed this program the employers they recruited for this project were employers who paid higher wages and were not unionized in the Building Maintenance Repair Union or the Heating, Ventilation, and Air Conditioning Union. He stated he did not see a problem with working and coordinating the program with these unions. He stated that the Building Maintenance Repair pre-apprenticeship program was more of a "feeder" type of program to train employees within manufacturing companies.

Mr. Hodess was concerned about approving training proposals that may duplicate apprenticeship programs. He was also concerned that by disallowing the training of some of those skills, which are included in an apprenticeship program, that we inadvertently eliminate an opportunity for new-hires and others.

Ms. Williams asked what percentage of the contract in dollars addressed Mr. Rankin's concerns regarding providing training that might duplicate apprenticeship-training programs. Mr. Lundberg stated there are three occupations, HVAC, Welding, and the Building Maintenance Repair in the amount of approximately \$800,000 for 120 employees for approximately 900 hours of training.

Mr. Hodess requested that this Amendment be held over for more information on whether they are duplicating pre-apprenticeship programs so the Panel can better understand and discuss this issue at the next meeting.

Mr. Lopez asked if the Panel would approve the other courses not being questioned and CET would return to the Panel to address the other courses if necessary.

ACTION: Mr. Rankin moved and Ms. Shockley seconded the Panel approve the Amendment with the contingency that all other jobs that do not include apprenticeship type training be approved.

Motion carried, 7-0.

Elk Grove Unified School District

Mr. Lundberg presented an Amendment for Elk Grove Unified School to add Phase 2 to the original Agreement in the amount of \$62,930 to train 10 new-hire trainees in Computerized Accounting. Trainees will be individuals who are eligible for unemployment insurance benefits, have exhausted their unemployment insurance benefits within the preceding twenty-four months, or had received, at the time of hire, a notice of layoff from the prior employer.

Mr. Lundberg introduced Gail Diddle.

ACTION: Ms. Shockley moved and Ms. Williams seconded the Panel approve the Amendment as proposed.

Motion carried, 7-0.

Pacific Bell Wireless

Mr. Lundberg announced Pacific Bell Wireless Amendment was withdrawn from consideration from this month's Panel meeting because requested union letters have not yet been received.

Truck Driving Academy

Mr. Lundberg presented an Amendment for the Truck Driving Academy to increase the contract by \$137,640 to train 30 new-hires.

Truck Driving Academy (TDA) is a vocational training institute providing truck driver training with branches and satellite sites in Fresno, Yuba City, Stockton, and Visalia, which are high unemployment areas. The Academy's Agreement is for a new-hire program designed to train individuals who have no prior truck driving experience or training in the truck driving industry. The average hourly wage of students graduating within the last six months and obtaining local jobs is \$13.16 per hour, with an increase after one year to an hourly average wage of \$14.34 per hour.

Mr. Lundberg introduced Diana Alveda, Director.

ACTION: Ms. Murphy moved and Mr. Trammel seconded the Panel approve the Amendment as proposed.

Motion carried, 7-0.

XII. REVIEW AND ACTION ON AGREEMENTS AND PROPOSED AGREEMENTS

Proposed Agreement

12th Street Collaborative for Montessori (Welfare to Work)

Mr. Lundberg presented a Proposed Agreement for the 12th Street Collaborative for Montessori (Welfare to Work) in the amount of \$889,800 to train 73 retrainees. The 12th Street Collaborative for Montessori Education is a development, management, Montessori teacher education and Montessori preschool provider. There are currently five full-time staff members.

According to the Collaborative officials, there is a need for both subsidized childcare centers in downtown Sacramento and also for teachers and other staff in those childcare centers to provide high-quality childcare and education for the children of welfare recipients and other low-income families. The 12th Collaborative is planning to build a new Montessori school for infants, toddlers, and children aged three years to six years on a site given to them by the local Housing and Redevelopment Agency.

The Collaborative will hire CalWorks recipients, and train them to be teachers and staff of this new school. During training, the trainees will not be performing any employment tasks other than classroom training.

Under this program, the 12th Street Collaborative will hire and train 73 eligible CalWorks participants. Thirty-nine will be trained and hired in the Montessori teacher A classification, and twenty-four in the Montessori teacher B classification. Six will be hired and trained as chef/chef assistant-teacher assistants. Two will be hired and trained as yard maintenance worker/gardener-teacher assistants. Two will be hired and trained as janitor/maid-teacher assistant.

Specifically, trainees in Job 1, teacher A, and Job 2, teacher B, will receive 840 class/lab hours of training. The Job 3 trainees, chef/chef assistant-teacher assistant, will receive 640 class/lab hours in personal development, adult literacy, ESL, Montessori philosophy, Montessori infant-toddler and early childhood, and culinary skills training. Trainees in Job 4, yard maintenance/gardener-teacher assistant, will receive 640 class/lab hours in personal development, adult literacy, ESL, Montessori philosophy, Montessori infant-toddler and early childhood, and gardening and yard maintenance skills. Job 5 trainees, janitor/maid-teacher assistant, will receive 640 class/lab hours in personal development, adult literacy, ESL, Montessori philosophy, Montessori infant-toddler and early childhood, and principles of housekeeping, sanitation, and safety in Montessori environments.

Trainees will be in training 37.5 hours per week but will be paid wages for 20 hours each week while they are in training per requirements set up by EDD's Welfare to Work programs. However, trainees shall work a minimum of 30 hours per week during the 90-day employment retention period.

Staff has many concerns regarding this proposal:

1. The construction of the facility has not begun, and the building permit has not been issued. The Collaborative is still in the process of finalizing the financing of the project. The financing will consist primarily of bank loans, but the project has not received final approval from the bank. Therefore, at this point, there is no guarantee that the facility will be completed. They state that if the facility is not constructed on time, that they have access to other training facilities in Sacramento that will be renovated into a childcare facility.
2. The Welfare to Work trainees in this project will be in training 37.5 hours each week, and will receive a wage for 20 of the hours. Although they will receive a wage for 20 hours, they will not actually be performing a teaching job. These employees cannot work as Montessori teachers and staff until all training is completed and they have received their certificates. The actual completion date of the school is projected to be spring or summer of 2001, which may be long after the completion of training for the trainees.

3. The number of hours of training, and the investment by ETP, is quite high considering the wages to be paid and the potential risk of the program. The cost per trainee (\$9,000-\$12,600) is based on 640-840 class/lab hours of training using the ETP Fixed Fee rate of \$15.
4. As a start-up company, The Collaborative does not have a demonstrated track record of hiring, training, and retaining welfare recipients in a job. The contractor states that some of the principals in the company have significant personal experience within the industry. ETP's history with training the unemployed indicates that long training programs tend to be less successful than short-term vocational programs. In addition, the Welfare to Work population is inherently more risky. ETP has never funded a Welfare to Work program with such a high number of classroom training hours.
5. The training for three occupations, chef/chef assistant-teacher assistant, yard maintenance/gardener-teacher, and janitor/maid-teacher assistant, contain more non-vocational (Montessori Philosophy and Montessori Infant-Toddler and Early Childhood Education) training hours than vocational (Culinary Techniques, Gardening and Yard Maintenance, Housekeeping Sanitation, Safety) training hours.
6. ETP does not normally fund training for teachers.

The action proposed by staff was:

1. The Panel should consider whether or not to fund this proposal given that the Collaborative school facility has not yet been constructed, and the Collaborative has not yet received final approval by the bank for its loan to build the facility; and,
2. The Panel should also consider whether to fund this proposal given the high cost of the training and the high number of hours of training for this Welfare to Work trainee population that appears to be riskier than other ETP trainee populations; and,
3. The Panel must find that all the contractor's proposed classroom training, meets the ETP statutory requirements of post-employment training for a Welfare to Work program not tied to a particular job the trainee is currently performing; and,
4. The Panel must decide whether to fund primarily non-vocational training for the occupations of chef, gardener, and janitor; and finally,
5. The Panel must decide whether to fund training exclusively for teachers.

Mr. Lundberg introduced Mr. Clyde Rainwater, Marketing Director. Mr. Rainwater introduced Mrs. Antonia Lopez, a noted early-childhood educator and a member of the

12th Street Collaborative LLC. He then reiterated the needs, plans, and goals of the Collaborative.

Mr. De Mauro voiced concern regarding the likelihood that the 12th Street Collaborative would have an unearned overpayment because the trainees would not be doing the work they were trained for immediately following completion of training.

Mr. Rankin was concerned about the financing and asked about the final processing of the bank loan. Mr. Rainwater stated that the closing of escrow depended on a few issues still needing resolution with the Planning Commission.

Panel members stated that it is not the intention of ETP funding to provide for the training of teachers. There are many other resources available and other foundations across the country for funding childcare. There are limitations to the types of projects the Panel can approve. Ms. Bradshaw stated that ETP has a fiduciary responsibility in allocating public funds.

Mr. Rankin stated that he believed this project regretfully does not fit the Panel's guidelines and, therefore, recommended a motion to reject.

ACTION: Mr. Rankin moved and Mr. Trammell seconded the Panel reject the Proposed Agreement.

Motion carried by roll-call vote, 7-0.

One-Step Agreements

AllTell Information Services

Diana Torres, manager of ETP's San Diego field office, presented a One-Step Agreement for AllTell Information Services (AIS) Advanced Commercial Banking Systems (ACBS) division, specializing in the design, development, service, and support of high-end wholesale and commercial banking software. The Agreement, in the amount of \$437,300, proposed to train 120 retrainees in Business and Computer Skills.

As a software development company producing a product sold out-of-state and/or producing a product sold in state and competing with products produced out-of-state, ALLTEL meets the requirements of Title 22, California Code of Regulations, Section 4416(1)(2), Out-of-State Competition.

As with other software development companies, ALLTEL must constantly adapt to growing and changing technology to meet client demands. Despite the company's many innovations and capabilities, the ACBS division has developed software almost entirely in an IBM mainframe (AS/400) environment. However, technology has changed to a more open architectural environment that requires skills that the staff currently does not possess.

The company states that technical changes in the industry have forced ALLTEL to migrate its products and services to a client server platform. In addition, the company must change its software from an older "green screen" user environment to the universal "Graphical User Interface." ALLTEL Information Services has a long history of commitment to training employees. Companies which produce software development products and services now require that employees receive continuous training to remain competitive and to retain employees. The entire staff, including technical staff, consultants, client support staff, and product planning, is included in these training efforts. ETP staff informed ALLTEL Information Services of the responsibilities of providing 200 hours of training to all four jobs. The company stated that, in addition to ETP funded training, the company plans to provide much more training to its employees. Training expenses not covered under this proposal are approximately \$500,000. In addition, wages paid to trainees during training total approximately \$760,000.

The applicant requests a waiver of the requirement of Title 22, California Code of Regulations, Section 4421, Out-of-State Vendors; which allows the use of out-of-state vendors if the vendor is providing a service that is unique to the employers need and is not available in California. ALLTEL plans to use LANSAs located in Oak Brook, Illinois to conduct 240 hours Visual LANSAs and LANSAs Concepts for a total cost of \$24,000.

ALLTEL is also requesting funding under the Advanced Technology Fixed-Fee cost reimbursement rate of \$20 an hour.

Also, in accordance with Title 22, California Code of Regulations, Section 4417, Secure Job, "the Panel may accept a higher than 20 percent turnover rate, if the employer has experienced a singular reduction in force or other occurrence, which adversely affected the turnover rate in the last calendar year." ALLTEL's turnover rate for its full-time, permanent employees for 1999 was 21 percent.

Ms. Torres introduced Debbie Lauder milk, Vice President, Operations and Sandra L. Spate, Sr. Human Resources Generalist. Ms. Lauder milk provided reasons for high turnover rate and need for this training as stated in the proposal.

ACTION: Ms. Williams moved and Mr. Hodess seconded the Panel approve the proposed One-Step Agreement as proposed.

Motion carried, 7-0.

BAE SYSTEMS Mission Solutions (SET)

Ms. Torres presented a One-Step Agreement for BAE SYSTEMS Mission Solutions (SET) a Technology/Integration/Software Engineering Manufacturer, for the amount of \$400,140 to train 583 retrainees in Computer and Business Skills. This project utilizes Special Employment Training (SET) funds under Unemployment Insurance Code,

Section 10214.5(a)(1), which allows ETP to fund training projects that support retraining for frontline workers in occupations that pay 100 percent of the state or regional average hourly wage when a business is difficult to serve under the Panel's standard project format. BAE Systems Mission Solutions designs and manufactures advanced aerospace products and information systems in the areas of mission management systems, photo image processing workstations, automated test equipment and space qualified hardware systems for government and commercial customers. Due to the specialized nature of its business, the company workforce is primarily made up of highly technical and specialized hardware, software, and systems engineers.

Company representatives have certified that in addition to funds from ETP, they project to have training costs and other training related expenses of \$140,142. Wages to be paid to employees while in training are estimated to be \$1,202,182.

Company representatives report that approximately 120 employees who work in the electronics equipment assembly area that are covered by two collective bargaining agreements, Engineering and Architects Association (EAA) and International Association of Machinists (IAM), Local 389, are not included in this ETP-funded training project. According to company representatives, extensive, job-specific training is currently provided for the represented employees and given that the training for the represented employees is not supplemental, it is not included in the proposed ETP-funded training. The company states that it expends approximately \$75,000 annually to train this population and will continue to do so.

Staff has requested letters from the unions not included under this training proposal.

Ms. Torres introduced Dr. Eric L. Lasley, Vice President, Research and Engineering, Mr. Steven C. Goggio, Director of Systems Engineering, and Ms. Charla Harris, Senior Human Resource Development Specialist. Dr. Lasley gave a short history of their company. He stated their company was actually formed 32 years ago in San Diego. It has undergone a transition from a hardware manufacturing enterprise to a software manufacturing enterprise. The company designs, develops, deploys, and supports complex information systems for the U. S. Department of Defense, various U. S. intelligence agencies, and other government and commercial customers. Among the uses of these systems are providing critical decision making capabilities and support of planning of U. S. Strategic forces. As a result of these endeavors, the business requires a highly specialized and skilled engineering work force. For example, college graduates with bachelor's degrees in engineering and experienced engineers from other application domains and industries need considerable time to learn specialized applications, processes, and technologies. Because of the criticality of this organization and the excellent record of performance, the business has been steadily growing in the past few years. The nationwide shortage of information technology engineering personnel is causing competition for this personnel group. As a result, the only serious limitation to the Company's growth, and its further contribution to the California economy is its ability to attract, assimilate, and retain quality engineers. For example, although the company hired over 400 engineers

within the past 33 months, it has had an average of over 100 unfilled jobs putting excess strain on its existing workforce. The company hopes that the small amount of Computer and Business Skills training it is applying for, which is beyond what it has been able to afford in the past, will improve employee productivity, improve program schedules and produce high quality work. The funding requested will improve the company's business performance and help produce additional high paying, high technology jobs.

Mr. Rankin was concerned about a communication he received from the machinist's union which represents the production workers. The communication indicated that BAE SYSTEMS might be having layoffs in that bargaining unit while at the same time the company is requesting funding to train other people in the company. Dr. Lasley replied the company made a decision to outsource its warehouse functions. The warehouse stores the company's electronic components used in the assembly process. It occupies 13,000 square feet of its facility and employs approximately 76 people. It has proved to be very expensive and costs have gone up, therefore, a proposal is underway to have a supplier at another location provide that function.

Mr. Rankin suggested the Panel postpone decision on this project until communication is received from the machinists regarding their concerns. Mr. Rankin stated that it seems a little ironic that ETP would be funding to a company for training in one area while that company is laying people off in another. Mr. Rankin stated one of the main functions of the ETP fund is to encourage the retention of manufacturing jobs.

ACTION: Mr. Rankin moved and Mr. Hodess seconded the Panel postpone this proposed One-Step Agreement until the next meeting.

Motion carried, 7-0.

Ms. Bradshaw recommended staff work with BAE during the next month to identify the problem and see if there is a resolution that is satisfactory to the Panel.

Coreslab Structures, Incorporated

Ms. Torres presented a One-Step Agreement for Coreslab Structures, Incorporated, a manufacturer of structural concrete components in the amount of \$275,740 to retrain 131 employees. The company's business and jobs are threatened by the introduction of new technology and new products and in order to improve productivity and continue to win jobs for its California workplace, the company is transitioning to a high performance workplace.

The Laborers International Union, Local 1184, which represents employees at the plant, was involved in and supports this training program.

Coreslab has stated that training and other training related expenses not covered by ETP funds will total approximately \$66,000 and wages to be paid employees while in training will total approximately \$217,000.

ETP staff informed Coreslab Structures of the possible difficulties of providing 200 hours of training (Class/Lab and SOST) to Jobs 2 through 5. Coreslab stated that all the SOST hours are necessary for the reinforcement of class/lab training and the attainment of job skills. The company has assured ETP staff that it has both the opportunity and the resources to deliver the SOST hours during normal business hours at the company's site. The company further states it is aware of the requirement that each trainee in the above jobs must complete all class/lab training and SOST in order to receive full reimbursement for training costs. Finally, the company developed a training delivery plan where SOST will be concurrently delivered with class/lab training.

Ms. Torres introduced Mr. Dave Cascarini, Human Resources Manager, and Mr. William Parker, President of National Training Systems, Inc.

Mr. Cascarini gave a synopsis of the products they manufacture. He stated that while their business shares in the current economic boom, new products and technology such as glass, fiber, and reinforced concrete are shipped extensively into California by their competitors. A change over to these new products in order to meet the competition will require a more skilled and more flexible workforce.

ACTION: Ms. Shockley moved and Ms. Williams seconded the Panel approve the proposed One-Step Agreement.

Motion carried, 7-0.

Titan Systems Corporation, Linkabit Division

Ms. Torres presented a One-Step Agreement for Titan Systems Corporation, Linkabit Division, a manufacturer of aircraft/space and computer peripheral equipment. This contract would train 177 retrainees in the amount of \$164,140 to work toward a high performance work place.

Titan Systems Corporation, Linkabit Division has stated that training and other training related expenses not covered by ETP funds would total approximately \$126,000. Wages of employees paid during training would total approximately \$178,000.

Ms. Torres introduced James Bates, Assistant Vice President, Operations; Jennifer Collier, Human Resources Manager; and Paul Johnson, President of the California Training Coalition.

Ms. Bradshaw asked that before the Panel approves this contract, Titan Systems would work with staff to make sure that this menu driven program is appropriate for the job that is being considered.

ACTION: Mr. Rankin moved and Ms Williams seconded the Panel approve the One-Step Agreement as proposed.

Motion carried, 7-0.

Bristol Industries

Mr. Tagami presented a One-Step Agreement for Bristol Industries, a manufacturer of aerospace fasteners and sheet metal products. Over the past five years, the company has invested over \$5 million to upgrade machinery and facilities. The company must now upgrade employee performance through the development of new skills and knowledge in order to realize the full potential of this investment. The company proposes to train 136 employees in continuous Improvement, Business Skills, Manufacturing Skills, Management Skills and Computer Skills. The Company will train the remaining work force at their expense, which is projected to be \$100,000 per year for the next two years. The Contractor's in-kind contribution for this project is approximately \$284,206 for training and training-related costs and wages during training.

Mr. Tagami introduced Ms. Wendy Geurts, Controller and Director of Planning. Ms. Geurts summarized Company needs and goals.

Ms. Bradshaw commented that this contract could be approved with the condition that the company work with staff to make sure that the each curriculum will be appropriate for the person being trained.

ACTION: Ms. Williams moved and Ms. Murphy seconded the Panel approve the Amendment as proposed.

Motion carried, 7-0.

Cover-All, Incorporated (SET)

The One-Step Agreement for Cover-All, Incorporated (SET) was withdrawn from consideration at this month's Panel meeting.

Eaton Aerospace, LLC, Sterer Engineering

Mr. Tagami presented a One-Step Agreement for Eaton Aerospace, LLC, Sterer Engineering. The company produces and services precision-quality, high performance hydraulic and pneumatic components and systems, including aircraft flight surface controls, nose wheel steering systems, brake control systems, landing gear controls, thrust reverser actuation and integrated motor valve modules. The request for ETP funds will be to train 308 of its 330 employees at its Los Angeles facilities in Continuous Improvement, Manufacturing Skills and Computer Skills for \$275,880. The company representative states that no senior manager will be included in the training.

Sterer estimates that it will spend at least \$120,000 for training each year for the two years following the proposed ETP agreement. The Company will follow up with courses

in continuous improvement, customer service, business and computer knowledge, and manufacturing and technical skills. Staff in management, engineering, technical, manufacturing, clerical, and support units will receive this additional training.

Mr. Tagami introduced Mr. Mark Desmarais, Business Unit Manager; Mr. Rory Strahan, Human Resources Manager; and Mr. Paul Johnson, President of California Training Coalition. Mr. Desmarais summarized the training plan and how it would help to attain a more competitive position in the industry.

ACTION: Mr. Rankin moved and Mr. Trammell seconded the Panel approve the proposed One-Step Agreement.

Motion carried, 7-0.

Galgon Industries, Incorporated (Continued out of order)

Mr. Chan introduced Mr. David Clark, Quality Assurance Manager of Galgon Industries. Mr. Rankin asked Mr. Clark to explain "Kaizen Events." Mr. Clark explained that Kaizen Events refers to small incremental improvements. Kaizen requires a concentrated team effort in a short amount of time to make a large step change. The Company will train 63 people that are being added to the contract in the Kaizen Events philosophy and Continuous Improvement. These trainees will then work in teams to understand and improve the manufacturing process and make their recommendations to management.

Mr. Rankin asked if the Company was making an employer contribution to the training program. Mr. Clark answered that the Company has invested in new equipment and is providing the training on this new equipment.

ACTION: Ms. Murphy moved and Ms. Shockley seconded the Panel approve the Amendment as proposed.

Motion carried, 7-0.

Convergent Computing

Mr. Chan presented a One-Step Agreement in the amount of \$60,640 to retrain 38 frontline workers in the SET category for Convergent Computing, which was referred to ETP by the Trade and Commerce Agency. Convergent Computing is a nationally recognized business information technology consulting and implementation firm that helps its clients with designing and implementing technological solutions to their problems. Convergent Computing has had to dramatically alter its way of doing business because of rapidly changing client needs. Convergent is seeing a higher level of technical knowledge and sophistication among clients who rely upon the Internet. Convergent's entire computer infrastructures need to be rebuilt. ETP funding will allow Convergent to offer structured in-house training to its frontline workers in order to enhance their skills and value to the firm and Convergent's value in the marketplace. Although Convergent, a

small company of 46 high tech employees, has had a turnover rate of 23.5 percent, the Contractor's representative assured ETP the turnover rate stems from larger companies in the high tech industry hiring away some of Convergent's staff because of the industry-wide shortage of skilled workers. ETP staff will monitor this project closely.

Mr. Chan introduced Bob Kohn, Chief Financial Officer.

ACTION: Mr. Trammell moved and Mr. Hodess seconded the Panel approve the proposed One-Step Agreement.

Motion carried, 7 – 0.

Granite Construction, Incorporated (SET)

Mr. Chan presented a One-Step Agreement for Granite Construction, Incorporated (SET) in the amount of \$62,400 to retrain 24 workers. Granite Construction qualifies for both regular ETP funding for a company facing out of state competition and SET funds supporting training for frontline workers. The company's officers undertook an assessment of the company's training needs which reinforced the need to develop and implement a formal structured training plan to transition to a high performance workplace. The first phase of the program is to provide 560 classroom training hours to a core group of 24 employees who have been selected from across occupational categories to be the core in-house trainers and facilitators of the high performance workplace effort. Training and other training related expenses not covered by ETP funds will total approximately \$100,000, and wages to be paid during the training will total approximately \$148,800. The company is committed to training its entire workforce, and the second phase of the program involves the training of the remaining 3,000 California employees under the mentoring of the core group of trainers at an estimated cost of \$6 million.

Mr. Chan introduced Michael Thomas, Vice President, Director of Human Resources, and Melissa Wolfe, Executive Assistant.

ACTION: Mr. Rankin moved and Ms. Williams seconded the Panel approve the Amendment as proposed.

Motion carried, 7 – 0.

Worldwide Educational Services (SET)

Mr. Chan presented a One-Step Agreement for Worldwide Educational Services (SET) in the amount of \$986,230. This proposal will provide ETP funds to train 105 individuals who are receiving unemployment insurance benefits or recent exhaustees under ETP regular new-hire funding, and 105 individuals with multiple barriers to full time employment under the SET category. Worldwide Education Services will provide specialized communications/electronics and computer occupational skills training meeting the needs of small and large employers across industries. Trainees will be placed in occupations such as communications or electronic service technician,

electronic assembler, soldier, consumer/mobile electronics installer, and cable TV and telecommunications installers.

Worldwide Educational Services has agreed to a minimum wage of \$10 per hour for Jobs 1 through 4 and \$8.50 per hour for SET Multiple Barriers trainees. These minimums are significantly above the current ETP new-hire minimum of \$8.70 per hour in urban counties and \$7.83 in all other counties.

Mr. Chan introduced Ms. Neil Barth, Executive Director. Ms. Barth summarized their program benefits and needs.

Mr. Rankin inquired about union letters. Ms. Barth stated that this is a new-hire program and the people who are hired by a company with collective bargaining agreements will become members of a union. Worldwide will get letters from unions as individuals are hired.

Mr. Hodess stated that the Panel has been having ongoing discussions about multiple employer contracts and has been considering employer contributions in Panel reviews of individual employers. He stated the Panel has also been discussing training that is generic, and Worldwide has computer skills listed that are not specific. Ms. Barth stated that the curriculum was designed with employers who have requested some computer support for some of the individuals they will be hiring. Worldwide found that trainees are expected to have knowledge not only of the product but also knowledge of the kinds of computer support that may be necessary to support the product, supply marketing, and provide tracking. Ms. Barth stated with the concentration on small business employers, Worldwide does not necessarily have the segregated job descriptions. The job descriptions follow multiple areas. The curriculum is designed and customized from two different sources, the actual content of the module and a developed curriculum where employers can choose a variety of curricula not readily available elsewhere.

Ms. Bradshaw asked Ms. Barth if she felt confident the trainees wages would reflect a 30-40 percent salary increase a year after completion of training. Ms. Barth said that the Labor Market is such right now that the individual who is appropriate for this kind of training is very often operating at a lower level than what you typically find in a market where the unemployment rate is 7 or 8 percent. Individuals who have completed this training who initially may have been hired in an entry-level position but because they have the background and support are able to enhance their salary and position within a 365-day period.

Mr. Hodess asked if the classes were exclusive to ETP. Ms. Barth stated that the classes funded by ETP will be predominately ETP trainees. If there are spots open and people need the training, they will include them. But the focus is on keeping ETP funded classes for ETP students only.

Mr. Hodess stated that this training still appeared to him to be generic. Ms. Barth stated that in connection with generic training that there is one module included in the

training that relates to the SET portion of the contract. The assumption is that individuals entering the program may have different barriers to employment and several of them may involve computer literacy. To that extent, there may be generic training in terms of introduction to computers. This program does apply to a variety of small business employers and rather than indicate the specific kinds of materials and equipment in the customization, she felt that in designing the curriculum, most of the customization fell under the title that was related to the computer course. There is a need to have an umbrella kind of approach that will allow small business employers to find essential training for their employees. Ms. Barth explained each training menu item at the request of Mr. Hodess.

Mr. Hodess asked how they determine placement for the unemployed persons they train. Ms. Barth explained that Worldwide has information from employers that identify certain areas that they are interested in. Individuals come to Worldwide who are unemployed, some of them have barriers, and some do not have relevant work histories in terms of what the community is looking for at that point in time. Worldwide does an evaluation and determines the best learning style that will work for each individual. In some cases, employers come to Worldwide and interview the individuals prior to assigning them to a training program.

Ms. Bradshaw commented that when the Panel is looking at generic training in multi-employer contracts, most of the focus, if not all the focus, is on the retrainees to eliminate the focus of individual employees who are looking for training irrespective of what the employer wants. The difficulty with new-hires is that the new-hire multi-employer contractor bears the brunt of the financial liability. If a trainee does not get placed in a position, the Contractor does not get paid. That is not the case with the retrainees. ETP has eliminated the basic Office Automation training; however, staff is trying to be a little forgiving as to allowing for more assured placements so as not to lose multi-employer contractors in the new-hire arena.

ACTION: Ms. Murphy moved and Ms. Shockley seconded the Panel approve the One-Step Agreement as proposed with the provision that staff report back to the Panel in three to four months with an update on what is being taught.

Motion carried, 7-0.

Advanced Truck Driving School

Mr. Lundberg presented a One-Step Agreement for Advanced Truck Driving School for \$199,160. Employment in the trucking industry continues to grow and the annual average wage is over \$32,000. However, employer demand continues to exceed the number of qualified, trained truck drivers. Under this program, Advanced Truck Driving School will train and place 52 California unemployment insurance recipients in truck driving jobs. Trainees will receive 240 hours of classroom/laboratory training in Class A truck driver skills, including basic operation, non vehicle activities, vehicle

code laws, safety operation practices, basic driving maneuvers, vehicle inspection, advanced operation practices, and DMV preparation.

Based on Advanced Truck Driving School's previous placement records, wages for truck drivers have demonstrated a significant wage progression within two years after completion of training. Truck drivers are customarily earning \$15.38 per hour two years after the completion of training. The school conducts truck-driving classes year-round. ETP truck driving classes will be conducted separately with 100 percent ETP trainees.

Mr. Lundberg introduced Barry Bither, Director. Mr. Bither stated that they have been in operation since 1993 and they have successfully trained over 200 students per year. There is a large employer demand for qualified truck drivers. Most of their students are pre-hired before they complete the course, ensuring they will have employment upon graduation. They pride themselves on their 95 percent placement rating and their outstanding relationship with the trucking companies hiring their students. They work very closely with these companies in developing their curriculum, training methods and training equipment they use to provide the trucking industry with qualified truck drivers.

ACTION: Ms. Williams moved and Ms. Murphy seconded the Panel approve the One-Step Agreement as proposed.

Motion carried, 7-0.

Community Business School

The One-Step Agreement for Community Business School was withdrawn from consideration at this month's Panel meeting.

Objective Systems Integrators

Mr. Lundberg announced the One-Step Agreement for Objective Systems Integrators has been withdrawn from consideration at this month's Panel meeting.

XIII. PUBLIC COMMENT

There were no members of the public who wished to comment.

XIV. ADJOURN

It was moved by Mr. Hodess and seconded by Mr. Trammell the Panel meeting be adjourned. There being no further business and no objection, the meeting was adjourned at 12:57 p.m.